

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

April 25, 2005

The Honorable Linda W. Cropp
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Cropp:

As instructed by the Private or Alternative Stadium Financing and Cost Trigger Emergency Act of 2004 (the Act), the Chief Financial Officer (CFO) has re-estimated the costs of land acquisition, environmental remediation, and infrastructure improvements required for the proposed N Street SE site for the new baseball stadium. On March 30, 2005, I informed both you and the Mayor that the cost to acquire roughly 13.8 acres of land, remediate the site, and provide Ballpark-related infrastructure improvements is an estimated \$161.3 million, consisting of:

- Property Costs - \$77.1 million
- Environmental Costs - \$8.0 million
- Infrastructure Costs - \$76.2 million

This estimate includes \$11.9 million in contingency for infrastructure expenses and \$29.4 million for moving a sewer tunnel which may not need to be moved.

Some Councilmembers questioned several of the study's conclusions during our briefing on March 30. After a thorough review of these issues, nothing has come to my attention that would warrant alteration of the \$161.3 million estimate. The questions raised by Councilmembers include:

1. How are the property costs calculated?
2. Can the study be relied upon as an appraisal of market value?
3. Is a property cost of \$133 per square foot reasonable?
4. Does the study include 17 recent property sales?
5. Does the study miscalculate the market value of the land by \$6 million?
6. Are the estimates for eminent domain costs reasonable?

7. Are costs associated with relocation of existing landowners included?
8. What is the estimated tax loss from the relocation of existing owners?
9. Are the costs of buying out businesses included?
10. Were property owners contacted?
11. Why does the report only include a Phase I Environmental Study?
12. Do the environmental cost estimates include the cost of remediation for public spaces?
13. Will \$19.8 million in improvements to the Navy Yard Metro Station be sufficient to provide safe transport for passengers?
14. Do the costs of relocating (if necessary) the water and sewer tunnel under the stadium site include the costs of the tunnel materials and the cost of diverting water flow during construction?

My office has thoroughly researched the issues raised by Councilmembers, and has responded to each issue below:

1. How are the property costs calculated?

Market value estimates the most probable price that a willing buyer and willing seller would agree to in an arm's length transaction. An "arm's length transaction" is the standard under which *unrelated* parties, each acting in his or her own best interest, would carry out a particular transaction. The market value is determined by looking for the highest and best use of the property under current zoning restrictions. The stadium site was recently rezoned from industrial to commercial and residential. Therefore, the study uses the current commercial and residential zoning to determine highest and best use.

The scope of the study involved research and analysis of comparable land and building sales data. Based on the findings, the highest and best use of the proposed stadium site will eventually be to demolish the structures on the land to allow for redevelopment. As a result, the value of the vacant land is often higher than the value of the properties with structures on the land. After determining the highest and best use of the property, the study looks at comparable sales in the area surrounding the stadium site. The comparable sales are adjusted for differences such as proximity to the Metro Station, and are assumed to be clean and clear of structures. In order to determine the market value of individual parcels within the site, the study makes adjustments for individual characteristics of the site, and deducts the costs of environmental remediation and demolition.

To compensate the owners of the parcels as if the properties are environmentally clean and ready for development, and then have remediation and demolition costs incurred by the District, would cause the District to pay twice for remediation and demolition.

2. Can the study be relied upon as an appraisal of market value?

The legislation requested that the CFO estimate the total costs of land acquisition. In order to determine this cost, the land acquisition estimate includes costs to purchase and remediate the land as well as expenses associated with condemnation of the properties and relocation of existing owners. The study was conducted to provide an aggregate cost estimate. It was never intended to be used by the District as the official appraisal in its negotiations with landowners. Furthermore, our cost consultants were denied access to a number of the parcels within the site. Due to the complexity of the appraisal process in accounting for environmental contamination, demolition, interim use value of existing improvements, and added price premiums associated with potential condemnation, it would be inappropriate to use the report for negotiating or setting market value on a parcel-by-parcel basis.

The purpose of the study was to provide aggregate acquisition costs for the site. Thus, the study contains market value appraisals of the individual parcels as an interim step of the overall analysis, and is to be used by the Mayor and the Council as a part of the decision-making process in determining the location of the baseball stadium. The Office of Property Management is currently conducting an appraisal of each of the parcels that will be used in negotiations with owners.

3. Is a property cost of \$133 per square foot reasonable? (see Appendix A)

The proposed site is made up of 63 parcels, each of which has different physical qualities, existing uses and structures, and environmental remediation issues. Our consultants used sales of comparable surrounding properties to calculate a "benchmark parcel" within the proposed site. Each sales price was adjusted for a number of factors including:

- a. Conditions of sale
- b. Time (market conditions at time of sale)
- c. Location (e.g. access and visibility)
- d. Development timing (how quickly the land would be redeveloped given that a zoning change just occurred)

These comparable sales values as adjusted provide the value of the benchmark parcel within the site. This "benchmark parcel" is assumed to be environmentally clean without any structures, and could be developed immediately.

The unit of comparison in the analysis is not the total square feet of land in a particular parcel, but rather the square feet of the maximum permitted building area, or floor area ratio (FAR). The price per square foot of floor area ratio (SF-FAR) reflects the analysis used by typical purchasers of development land. The study estimates a weighted average "benchmark parcel" value of \$133 per square foot of land at 7.0 FAR. (This means that the maximum permitted building area is seven times the size of the land.) This equates to \$19 per SF-FAR (\$133 divided by 7.0), which, based on expert opinion, assumes 43% commercial use at \$15 per SF-FAR and 57% residential use at \$22 per SF-FAR.

4. Does the study include 17 recent property sales? (see Appendix B)

Councilmember Catania asked the CFO to review 17 recent property sales. His office provided the OCFO with three parcel numbers and 13 property cards from the District's Real Property Assessment Database, for parcels within the Near Southeast neighborhood. Although property cards are an excellent source for "leads" on sale transactions, they cannot be solely relied upon for analysis.

For example, if a purchaser buys several properties simultaneously to assemble into a single large parcel, the property cards for each of the original properties typically will reflect the total purchase price of the assemblage rather than the price of the original parcel. Thus, if property A and property B in an assemblage of two properties are sold for a total of \$3 million, the property cards for both properties will reflect a sales price of \$3 million, which is the total price paid for the assemblage. On face value, the sum of the sales prices on the cards would suggest a total price of \$6 million, which would be overstating the actual transaction by \$3 million. Additionally, property cards do not reveal buyer and seller motivations, special circumstances or conditions related to the sale, and numerous other factors that can impact a sales price.

The following is a summary of our research into the 17 sales provided by Councilmember Catania:

- Two of the sales (sales A and B) were included in the original report as Land Sales #1 and #4.
- One sale (sale C) was very small and was not considered comparable. Consequently, it was not included in the report.
- Four sales (sales D-G) were not considered arm's length transactions and thus not considered in the report.
- Ten parcels (sales H-P) were assembled in three transactions and recorded simultaneously as an assemblage. This sale occurred on January 11, 2005, after the Council passed the baseball legislation on December 21, 2004, and thus, was not considered in the report.

For eminent domain purposes, just compensation does not take into account any increase in the value of the land because of the public investment in the stadium. This approach is consistent with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. § 4651(3) (2005)), which the District follows for land acquisition practices. This approach is also upheld in the courts. (*See, e.g., State of New Jersey v. Town of Phillipsburg*, 573 A.2d 953 (1990); *Mattice v. State of New York*, 391 N.Y.S.2d 271 (1976); and, *Board of County Commissioners v. Kiser Living Trust*, 825 P.2d 130 (1992)).

5. Does the study miscalculate the market value of the land by \$6 million?

The estimated value of \$19.00/SF-FAR represents a benchmark for the overall property value, to which further adjustments have been applied to account for specific variations among the individual economic units. Adjustments are made for differences in physical characteristics of

the properties, including location, street exposure, corner access within the overall stadium site, and relative size for each individual parcel. Due to the uniqueness of the properties with respect to street frontage and location influences, two economic units with the same land size may have different market values.

Based on the total site area of 602,612 square feet, the maximum permitted FAR of 7.0, and the estimated value of \$19.00/SF-FAR, the initial value for a cleared and environmentally clean site is \$80,147,396, before adjustments for individual site characteristics, the net income of the existing structures for a period of 3 years, the cost of environmental remediation, and the cost of demolition. This value assumes that all parcels comprising the proposed site are no better or worse than the benchmark site in terms of physical characteristics (e.g., corner vs. non-corner location, access/visibility, site shape, etc.). Differences do, in fact, exist among the economic units comprising the proposed site. Consequently, individual adjustments were made to account for the physical characteristics of individual economic units relative to the benchmark parcel.

The following schedule summarizes all of the adjustments to estimate the net market value of the site after it is environmentally clean and cleared of structures.

Gross Estimate	Add Upward Adjustments	(Subtract) Environmental Remediation Costs	(Subtract) Demolition Costs	Net Market Value
\$80,147,396	\$7,069,152	(\$6,327,380)	(\$7,206,570)	\$73,682,599

6. Are the estimates for eminent domain costs reasonable?

\$2.5 million in costs associated with eminent domain have been included in the CFO's estimates. Statistics from Maryland, Virginia, and the District indicate that 10% to 15% of all parcels taken for public use are acquired through the eminent domain process. When parcels are taken by eminent domain, prices often can include a premium of approximately 10-25% on average. Since it is impossible to predict beforehand which parcels will need to be taken by eminent domain, averages must be applied to the entire land value as follows:

Range of Premiums Paid for Parcels Taken by Eminent Domain		
	10% Premium	25% Premium
Market Value of Land	\$74,000,000	\$74,000,000
Percent Taken by Condemnation	15%	15%
Subtotal	\$11,250,000	\$11,250,000
Premium Paid	10%	25%
Costs Associated with Condemnation	\$1,110,000	\$2,775,000

The study incorporates premiums of \$2.5 million, which is on the upper end or 75th percentile of the range. It is also important to note that no eminent domain cases went to trial during the development of either the MCI Center or the new Convention Center.

7. Are costs associated with relocation of existing landowners included?

Approximately \$1 million in relocation costs are included in the CFO's estimates. Relocation costs that could be paid by the District include transportation, packing, unpacking, storage, disconnecting and reassembling equipment, reimbursement of location searches, licenses, permits and fees, advertisements, and utility transfers. Based on our consultant's research, residential owners could receive approximately \$16,500 in relocation reimbursements and business owners could receive approximately \$21,300 in relocation reimbursements. In addition, the market value of the parcels includes 3 years of net income for the properties in their current uses.

8. What is the estimated tax loss from the relocation of existing owners?

Approximately \$627,000 in property taxes will be forgone from current property owners at the proposed site. There are currently fewer than 15 businesses within the site that generate sales, use and/or franchise taxes. Because many of the businesses currently located on the site may relocate to other areas of the city, the net loss of sales, use and franchise taxes is estimated to be less than \$100,000.

9. Are the costs of buying out businesses included?

The costs of buying out businesses are not included, consistent with the Fifth Amendment to the United States Constitution. In the event a comparable alternate site within current zoning boundaries in the District is not available to relocate a given business, the District will work with business operators to find acceptable locations. The additional damages to buy out a business have been omitted from the analysis.

This approach is consistent with the Fifth Amendment. Courts have long held that losses to a business or other consequential damage resulting from the intended taking of the real property under the Fifth Amendment is not a part of the "taking". Therefore, just compensation is not interpreted by the courts to include the loss of profits or other consequential damage. (*See, e.g., United States v. General Motors Corp.*, 323 U.S. 373, 379 (1945); *Mitchell v. United States*, 267 U.S. 341, 344 (1925); and *Sawyer v. Commonwealth*, 65 N.E. 52, 53 (Mass. 1902) (explaining that injury to a business is not an appropriation of property which must be paid for)).

10. Were property owners contacted? (see Appendix C)

Every property owner was notified of the study by certified mail. A number of owners chose to deny our cost consultants access to their property.

11. Why does the report only include a Phase I Environmental Study?

The report includes a Phase I Environmental Study. A Phase I study is the first step in the process, and needs to be completed before a Phase II study can be undertaken. The Phase I study determines where sample boring must take place during a Phase II study, and provides reasonable forecasts of environmental contamination likely to be found on the site. A Phase II study requires the permission of property owners to use invasive methods to drill holes on their land. Although we did not perform a Phase II study, we did provide a cost estimate for environmental remediation, which serves as a reasonable estimate for future environmental remediation costs.

The Office of Property Management will conduct a Phase II Environmental Study as part of its due diligence in developing the official appraisal, before making offers to purchase the property. If contamination that was not detected as part of the Phase I study is found during the Phase II study, the market value of the land can be adjusted downward to account for the additional costs that the District, or any developer of the site, would need to incur. If the new owner must pay for environmental remediation of the parcel, the land becomes less valuable.

12. Do the environmental cost estimates include the cost of remediation for public spaces?

The \$8 million environmental remediation cost estimate includes \$1.7 million in costs for public spaces. This estimate is shown as economic unit 34 in the report. The public space on the site is about 5.5 acres and includes streets, alleyways, rights of way, and a parcel of land located at the southeast corner of the site.

13. Will \$19.8 million in improvements to the Navy Yard Metro Station be sufficient to provide safe transport for passengers?

\$19.8 million in improvements to the Navy Yard Metro Station will expand the capacity of the station to accommodate approximately 15,000 people per hour. According to WMATA, passenger flow will be moderated by the escalators, and platform capacity will not be an issue for passengers. Eleven to twelve trains pass through the station in each direction in the course of one hour. Trains have the capacity to move 32,000 people per hour, which is more than double the station capacity. In addition, the District Police and Metro Police are well trained and accustomed to handling large crowds to ensure that passengers are safely transported, as is evident during celebrations on the National Mall and current baseball games at RFK stadium.


14. Do the costs of relocating (if necessary) the water and sewer tunnel under the stadium site include the costs of the tunnel materials and the cost of diverting water flow during construction?

The CFO's estimates include the costs of the materials necessary to build a new water and sewer tunnel. The hard costs for the tunnel, including backfill lining, steel lining, and backfill shafts, are estimated at \$2,745,000. These materials are available in the United States. Soft costs of

30% and design costs of 25% for the tunnel are added to this amount. This amount is part of an overall cost of \$29 million to build a new tunnel. If a new tunnel needs to be built, the old tunnel will continue to be used until the new tunnel is built. As a result, there will be no need to divert the water flow during construction.

As I stated above, after a thorough review of all issues raised by the Council, nothing has come to my attention that would warrant alteration of the \$161.4 million estimate for the costs of land acquisition, environmental remediation, and infrastructure improvements required for the proposed N Street SE site for the new baseball stadium. If you have any questions, please feel free to contact me.

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

Enclosures

Distribution List

Anthony A. Williams, Mayor, Government of the District of Columbia
Councilmember Carol Schwartz (At-Large)
Councilmember David Catania (At-Large)
Councilmember Phil Mendelson (At-Large)
Councilmember Kwame R. Brown (At-Large)
Councilmember Jim Graham (Ward 1)
Councilmember Jack Evans (Ward 2)
Councilmember Kathleen Patterson (Ward 3)
Councilmember Adrian Fenty (Ward 4)
Councilmember Vincent Orange (Ward 5)
Councilmember Sharon Ambrose (Ward 6)
Councilmember Vincent C. Gray (Ward 7)
Councilmember Marion Barry (Ward 8)
Robert Bobb, Deputy Mayor and City Administrator
Alfreda Davis, Chief of Staff to the Mayor
Arte Blitzstein, Budget Director, Council of the District of Columbia

Appendix A

LAND SALES SUMMARY TABLE												
Property Name Property Address # Square / Lot Number(s)	Sale Date Document	Sale Price Area (Acres)	Land Area (SF)	Sale Price / SF	Proposed Use Zoning Permitted V.A.R.	Site Condition Price / V.A.R.	Site Location	Condition of Sale	Buyer	Seller	Comments to Subject Property	
New SE Land Sales - Commercial												
1 1100 S Capital Street, SE Square 698, Lot 814	7/20/2004 108412	\$4,807,167	0.56	24,394	\$197.06	Unknown C-3-C 6.5	Paving lot Corner location	N/A	1100 South Capital LLC	The Green Door LLC	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
2 1333 M Street, SE Square 5 of 1048, Lot 1	2/28/2003 31567	\$2,110,000	0.93	40,580	\$52.00	Mixed Use C-3-C 6.0	Improved at sale, demo required Corner location	None	1333 M Street SE LLC	Support Terminal Operating Partnership LP	> Inferior access / exposure > Inferior proximity to Metro > Inferior zoning	
3 Federal Gateway Two 212 M Street, SE (aka 250 M Street) Square 769, Lot 21	1/7/2002 02377	\$3,100,000	0.33	14,318	\$216.51	Office Building C-3-C 6.5	Improved at sale, price includes buyer's remed. & demo costs Corner location	None	Square 769, LLC (c/o William C. Smith Co.)	Richard C. Peticano (Trust) (c/o Shell Oil Company)	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
4 20 M Street, SE Square 698, Lots 1, 2, 3, 20, 804, 805	4/5/2001 32849	\$3,345,000	0.51	22,312	\$149.92	Office Building C-3-C 6.5	Vacant land Corner location	Seller Financing	Southeast Realty, LLC (Lamar Enterprises)	20 M Street Partners, L.P. (c/o Colonial Parking)	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
5 25 O Street, NW Square 653, Lot 75	3/19/2001 31403	\$260,000	0.05	2,138	\$121.61	Hold for dev. C-3-C 3.0	Vacant land Mid-block location	None	F. D. Grayson, Inc.	Mohammed S. Pervaz, et al	> Inferior proximity to Metro > Inferior zoning > Shorter development horizon	
6 Federal Gateway 1100 New Jersey Ave., SE (aka 140 M Street, SE) Square 742	9/18/2000 5242000 2770000 83568	\$6,500,000	0.73	31,905	\$203.73	Office Building C-3-C 6.5	Improved at sale, price includes buyer's remed. & demo costs Site locations vary	Assembly of 3 parcels	Square 742, LLC	MMA William Martin 807 H Street Associates Arnell Corporation	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
7 80 M Street, SE Square 699, Lot 28	2/22/2000 18087	\$5,500,000	1.04	45,117	\$121.91	Office Building C-3-C 6.5	Vacant Land Full block, frontage on four streets	None	Spaulding & Slye Services, L.P.	80 M Trucks, L.P.	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
New York Ave. Metro Land Sales - Commercial												
8 40 Patterson St., NE Square 672, Lot 233	12/20/2004 83444	\$3,200,000	0.59	25,526	\$125.36	Office Building C-3-C 6.5	Improved with 1-story clinic, demo required Mid-block location	None	Ferry Patterson Street, LLC	HAC, Inc	> Slightly superior location > Superior proximity to Metro > Shorter development horizon	
9 Constitution Square (aka Capital Square) 100 M Street, NE Square 711, Lot 160	9/15/2003 118094	\$33,000,000	6.94	302,429	\$175.25	Office Complex C-3-C 6.5	Vacant land Corner location, frontage on 3 streets	None	Square 711 Developer, LLC (c/o The John Altricks Companies)	Fine & M Street Investing Company, LLC (c/o Pinnacle)	> Slightly superior location > Superior proximity to Metro > Shorter development horizon	
10 4-76 New York Avenue, NE Square 670	1/31/2003 17394	\$15,000,000	2.17	94,538	\$158.57	Hold for Dev. C-3-C 6.5	Vacant land Full block, frontage on three streets (triangular)	Related parties	Cyre Joseph Nick, LLC c/o Douglas Development Co.	New York Avenue Gateway, LLC c/o D.F. Autbelink	> Superior location / access / exposure > Shorter development horizon	
New SE Land Sales - Residential												
11 Building Row Condominiums 1391 M Street, SE Square 1045, Lot 13-137, 234-839	10/12/2004 142489 142502	\$16,500,000	2.11	92,040	\$179.27	Residential Dev. C-2-B 3.5	Improved at sale, demo required Corner location	Assembly of 2 parcels	Building Row LP (FPI)	Peter Punicani's Boy's Home and Elvira Thru, LLC	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
12 Capital Hill Tower 148 L Street, SE Square 741	7/17/2000 7142000 66806	\$4,092,500	0.45	19,746	\$207.26	Residential dev. C-3-C 6.5	Improved at sale, demo required Corner location	Assembly	N/A Development Partners (Vitali Co) LP	Mary & Daniel Longman Fralin, And New Jersey Avenue LP	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	
13 1343-1349 Pennsylvania Avenue, SE 1320 Potomac Avenue, SE Square 1045, Lot 127, 128, 817, 818, 828, 836, 837, 840, 841	2/3/2000 14426 & 14427	\$8,119,000	2.03	88,280	\$91.97	Boys' home C-2-B 3.5	Improved, w/ three 2-story bldgs, demo required	Assembly	Peter Punicani's Boy's Home	Boyl LLC Potomac Capital IIII Corporation	> Superior location / access / exposure > Superior proximity to Metro > Shorter development horizon	

Appendix B

SALES DATA PROVIDED BY CITY COUNCIL												
Property Name Property Address # Square / Lot Number(s)	Sale Date	Sale Price	Land Area (Acres)	Land Area (SF)	Proposed Use Zoning Permitted FAR	Sale Price / SF Land	Site Condition Price / FAR	Site Location	Conditions of Sale	Buyer	Seller	Comparison to Subject Property
A 20 M Street, SE Square 698, Lots 1, 2, 3, 20, 804 & 805	4/5/2001	\$3,345,000	0.31	22,312	Office Building C-3-C 6.5	\$149.92	\$23.06	Vacant land Corner location	Seller financing	Southeast Realty, LLC (Leanne Enterprises)	20 M Street Partners, L.P. (c/o Colonial Parking)	> Superior location > Superior proximity to Metro > Shorter development horizon
<p>Comments: This transaction is Sale #4 in Deloitte's analysis. A total of six parcels were acquired for the indicated sale price of \$3,345,000, with a total land area of 22,312 SF. It is possible that the Council misunderstood this sale, as Lot 1 appears in the assessment records with the total sale price paid for all six parcels.</p>												
B 1100 S. Capitol Street, SE Square 698, Lot 814	8/5/2004	\$4,812,500	0.56	24,371	Unknown C-3-C 6.5	\$197.47	\$30.38	Parking lot Corner location	N/A	1100 South Capitol LLC (c/o Lawrence L. Ruben Co.)	The Green Door LLC (c/o Leonard Greenberg)	> Superior location > Superior proximity to Metro > Shorter development horizon
<p>Comments: This transaction is Sale #1 in our analysis. The sale price in our report differs slightly from the tax records. The variance of \$197.06/SF vs. \$197.47/SF (\$30.32/FAR vs. \$30.38/FAR) is not material to the analysis.</p>												
C 919 New Jersey Avenue, SE Square 738, Lot 16	11/3/2004	\$235,000	0.02	873	Hold for dev. C-3-C 6.5	\$269.19	\$41.41	Improved at sale, demo required	None	Square 738, LLC (c/o William C. Smith Co.)	Unknown	> Rejected as comparable due to size
<p>Comments: This transaction represents the acquisition of a vacant row house. The buyer indicated that an assemblage is planned. The purchase also indicated that the nearby Capitol Hill Tower project (1 block southeast) received approval for an increased maximum density of 10.0 FAR, which set a precedent and impacts developer's expectations for the immediate neighborhood. A 10.0 FAR for this site would equate to a sale price/FAR of \$26.92.</p>												
D 1029 New Jersey Avenue, SE Square 740, Lot 1	1/14/2004	\$675,000	0.05	2,142	Continued Use C-3-C 6.5	\$315.13	N/A	Industrial building Corner location	Purchase by tenant	Hall's Telectechman & Maserer Dyechem (c/o Hall's Telectechman/HTI, Inc.)	DACO Corporation (c/o George Colonna)	> Sale was considered in our original highest and best use analysis > Impacted by exigent buyer motivation > Building sale, not relied upon in estimation of land value > Rejected as not comparable due to above
<p>Comments: This transaction represents the purchase of an industrial building by the tenant. The buyer had leased the property for several years prior to purchase, and will continue to occupy the building. The buyer indicated that they paid the seller's price without performing an appraisal or market research, because they could not afford to relocate their business. This purchase price reflects a special motivation of the buyer, and is not a good indicator of market value.</p>												
E 1029 New Jersey Avenue, SE Square 740, Lot 1												
<p>Comments: Duplicate of D (above), submitted twice.</p>												
F 135 L Street, SE Square 741, Lot 812												
<p>Comments: Transferred with G, see below.</p>												
G 156 L Street, SE Square 741, Lots 812 & 19	10/26/2004	\$220,000	0.02	840 (70x770)	Redevelopment C-3-C 6.5	\$261.90	\$40.29	Improved with 2-story retail bldg, demo required Corner location	N/A	Jin Huang	Kyu H. & Mi Y. Kim	> Sale was considered, not relied upon in our analysis > Impacted by buyer motivation
<p>Comments: This transaction represents the purchase of a retail building. This property is the final holdout in the land assemblage for the Marriott site. The adjacent hotel was under construction at the time of sale, and the buyer is now offering the property for sale at a substantially higher price. This purchase price reflects a special motivation of the buyer, and is not a good indicator of market value.</p>												
H New Jersey Avenue Assemblage Square 743N, Lots 816, 817, 823, 44, 46, 47 & 57	1/11/2005	\$2,984,800	0.24	10,569	Redevelopment C-3-C 6.5	\$282.41	\$43.45	Parking lot Mid-block location	Assemblage	NJA Associates LLC (The Donohoe Companies, Inc.)	Unknown	> Sale data not available at the time of our analysis > Closed subsequent to announcement of stadium
<p>Comments: This transaction information was not available at the time Deloitte concluded market research. This is one of three transactions that occurred in the assemblage of 10 parcels at the Navy Yard Metro station. A total of seven parcels were included in this transaction for the indicated sale price of \$2,984,800, with a total land area of 10,569 SF.</p>												

SALES DATA PROVIDED BY CITY COUNCIL											
Property Name Property Address # Square / Lot Number(s)	Sale Date	Sale Price	Land Area (Acres)	Land Area (SF)	Proposed Use Zoning Permitted FAR	Sale Price / FAR	Site Condition Site Location	Conditions of Sale	Buyer	Seller	Comparison to Subject Property
I New Jersey Avenue Assembly											
Square 743N, Lot 817											
Comments: Transferred with H, see above.											
J New Jersey Avenue Assembly											
Square 743N, Lots 818 & 23	1/11/2005	\$1,500,000	0.10	4,437	Redevelopment C-3-C 6.5	\$32.01	Parking lot Mid-block location	Assembly (The Donohoe Companies, Inc.)	Unknown		> Sale data not available at the time of our analysis > Closed subsequent to announcement of stadium
Comments: This transaction information was not available at the time Deloitte concluded market research in 2/2005. This is one of three transactions that occurred in the assembly of 10 parcels at the Navy Yard Metro station. Two parcels were acquired in this transaction for the indicated sale price of \$1,500,000, with a total land area of 4,437 SF.											
K New Jersey Avenue Assembly											
Square 743N, Lot 823											
Comments: Transferred with H, see above.											
L New Jersey Avenue Assembly											
Square 743N, Lot 44											
Comments: Transferred with H, see above.											
M New Jersey Avenue Assembly											
Square 743N, Lot 45	1/11/2005	\$1,707,491	0.03	1,401	Redevelopment C-3-C 6.5	\$187.50	Parking lot Mid-block location	Assembly (The Donohoe Companies, Inc.)	Unknown		> Sale data not available at the time of our analysis > Closed subsequent to announcement of stadium
Comments: This transaction information was not available at the time Deloitte concluded market research in 2/2005. This is one of three transactions that occurred in the assembly of 10 parcels at the Navy Yard Metro station.											
N New Jersey Avenue Assembly											
Square 743N, Lot 47											
Comments: Transferred with H, see above.											
O New Jersey Avenue Assembly											
Square 743N, Lot 46											
Comments: Transferred with H, see above.											
P New Jersey Avenue Assembly											
Square 743N, Lot 57											
Comments: Transferred with H, see above.											
Cumulative representation of Sales H through P											
H-P New Jersey Avenue Assembly	1/11/2005	\$6,192,291	0.38	16,407	Redevelopment C-3-C 6.5	\$58.06	Parking lot Mid-block location	Assembly (The Donohoe Companies, Inc.)	Unknown		> Sale data not available at the time of our analysis > Closed subsequent to announcement of stadium
Comments: Cumulative representation of Sales H through P. It is most appropriate to evaluate the three assembly sales based on the total acquisition cost and the total site area, which is the perspective of a typical developer.											

Appendix C – Contact List for Property Owners

Economic Unit	Square	Lot #'s	Certified Letter Sent¹	Personally Attempted Site Visit¹	Site Access Granted	Site Access Denied	No Response from Owner	Interior & Exterior Building Inspection	Exterior Building Inspection from Street	Walked Site	Observed site from street	Environmental Inspection Allowed	Environmental Interview Granted
1	702	106, 807, 808, 826, 859-861, 866, 869 (Siegel)	Y	N	N	Y	N	na	na	N	Y	N	N
2	702	126 (Siegel)	Y	N	N	Y	N	N	Y	N	Y	N	N
3	702	852	Y	Y	N	N	Y	na	na	N	Y	na	na
4	702	853	Y	Y	N	N	Y	na	na	N	Y	na	na
5	702	127 (Siegel)	Y	N	N	Y	N	N	Y	N	Y	N	N
6	702	804, 805, 845	Y	Y	N	N	Y	na	na	N	Y	na	na
7	702	841	Y	N	N	N	N	N	Y	N	Y	Y	Y
8	702	846	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y
9	702	851, 857	Y	Y	N	N	Y	na	na	N	Y	na	na
10	702	858	Y	Y	N	N	Y	na	na	N	Y	na	na
11	702	854	Y	Y	N	N	Y	na	na	N	Y	na	na
12	702	856	Y	Y	N	N	Y	na	na	N	Y	na	na
13	702	855, 868 (Siegel)	Y	N	N	Y	N	na	na	N	Y	N	N
14	702	37-39	Y	Y	N	N	Y	N	Y	N	Y	na	na
15	702	104, 105, 867	Y	Y	N	N	Y	na	na	N	Y	na	na
16	702	806	Y	Y	N	N	Y	na	na	N	Y	Y	Y
17	702	862	Y	Y	N	N	Y	N	Y	N	Y	na	na
18	702	863	Y	Y	N	N	Y	N	Y	N	Y	Y	N
19	702	864	Y	Y	N	N	Y	N	Y	N	Y	Y	Y
20	702	865	Y	Y	N	N	Y	N	Y	N	Y	na	na

Economic Unit	Square	Lot #'s	Certified Letter Sent ¹	Personally Attempted Site Visit ²	Site Access Granted	Site Access Denied	No Response from Owner	Interior & Exterior Building Inspection	Exterior Building Inspection from Street	Walked Site	Observed site from street	Environmental Inspection Allowed	Environmental Interview Granted
21	702	79-85, 836, 838	Y	Y	N	N	Y	na	na	N	Y	Y	N
22	702	870, 871	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y
23	703	5	Y	Y	N	Y	N	N	Y	N	Y	Y	Y
24	703	6, 7	Y	Y	N	Y	N	N	Y	N	Y	na	na
25	703	8	Y	Y	Y	N	N	Y	Y	Y	Y	na	na
26	703	53	Y	Y	N	N	Y	na	na	N	Y	na	na
27	703	54	Y	Y	N	Y	N	N	Y	N	Y	N	N
28	703	819, 821, 822	Y	Y	N	N	Y	N	Y	N	Y	na	na
29	704	11	Y	Y	Y	N	N	Y	Y	Y	Y	na	na
30	705	15	Y	Y	N	N	Y	na	na	N	Y	Y	Y
31	706	802	Y	Y	N	N	Y	na	na	N	Y	na	na
32	706	806-808	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y
33	706	809	Y	Y	N	N	Y	N	Y	N	Y	na	na

1. Copy of Certified Letter is attached.

2. Attempt consist of personally knocking on the door of improved properties, or, if there were no improvements, observing the premises from the perimeter. In cases where no attempt was made, we were instructed by the owner's legal counsel to not inspect the property prior to the field visit.

3. For the environmental inspections, n/a means that the environmental team was unable to make contact